

Tough times for middle class

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By Michael Rappaport, Staff Writer

ONTARIO - It's a simple question, not unlike one Joe McCarthy himself might have asked. Are you now or have you ever been part of the middle class?

"This is one of those questions I love," said Wally Knox, the founder and director of the Institute for the Middle Class. "If you ask an American what class he's in, literally 90 percent of them will say they're part of the middle class."

By definition, that's not possible, and it was one of the issues being discussed Friday at Ontario Convention Center as part of the Southern California Association of Governments' 10th annual economic conference.

The day's topic - "The Middle Class on Life Support" - was addressed by a dozen different speakers from business, government, academia and the media.

The general conclusion was that there are some things that can be done and some things that can't. Lamenting the loss of manufacturing jobs won't accomplish anything, but battling for better job training and more affordable housing might accomplish something.

"The middle class has been feeling a lot of angst," said Anil Puri, dean of business and economics at Cal State Fullerton. "High health care costs, high transportation costs, high education costs and high housing costs, all at a time when globalization has taken away many high-paying jobs."

"The middle class is worse off despite six years or pretty continuous economic growth."

It was left to Puri to come up with a definition. Ninety percent might consider themselves middle class, but the reality is far lower.

Historically, middle class has meant those having a household income of between 80 percent and 120 percent of the median. Nationally, that means incomes between \$35,200 and \$52,800.

In California, it works out to a range of \$40,000 to \$65,000.

"People who are part of the middle class cannot actually afford the middle class lifestyle," Puri said. "The American dream - owning a home, having two cars, sending the kids to college."

A wider view that would include a lower middle class and an upper middle class would expand the range from about \$15,000 on the low end to \$100,000 at the top. That would encompass about 75 percent to 80 percent of the population.

"This is an issue that is long overdue for us to be focusing on," said Mark Pisano, executive director of SCAG. "We need to find an industry that will replace manufacturing as the core area that built our middle class."

Larry Kosmont, director of the Kosmont-Rose Institute, said California needs to find a way to lower the cost of doing business in the state.

He suggested finding a way to fast-track projects and to direct the coming funds from infrastructure bonds to projects that will engender the most private investment.

"We have something of a perfect convergence of issues," Kosmont said. "The employment scene is changing, housing is unaffordable for most people and people who can afford homes are having to decide between longer commutes or smaller, denser dwellings."

Kosmont pointed out that for all the talk about globalization, California is losing more jobs each year to Texas than to China and India combined.

"Governments ignore competitiveness at their own peril," he said.

Regional economist John Husing, who served as host of the conference, spoke of the widening gap between the well-off and the not-so-well-off.

"We are clearly having some difficulty with the center of our economic system," Husing said. "The 269,000 families in the Southland who make \$200,000 or more - the top 3 percent - have about the same total income as the bottom 3.9 million people."